

2012-2013 ANNUAL REPORT



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Health PEI
One Island Health System



Health PEI

One Island Health System

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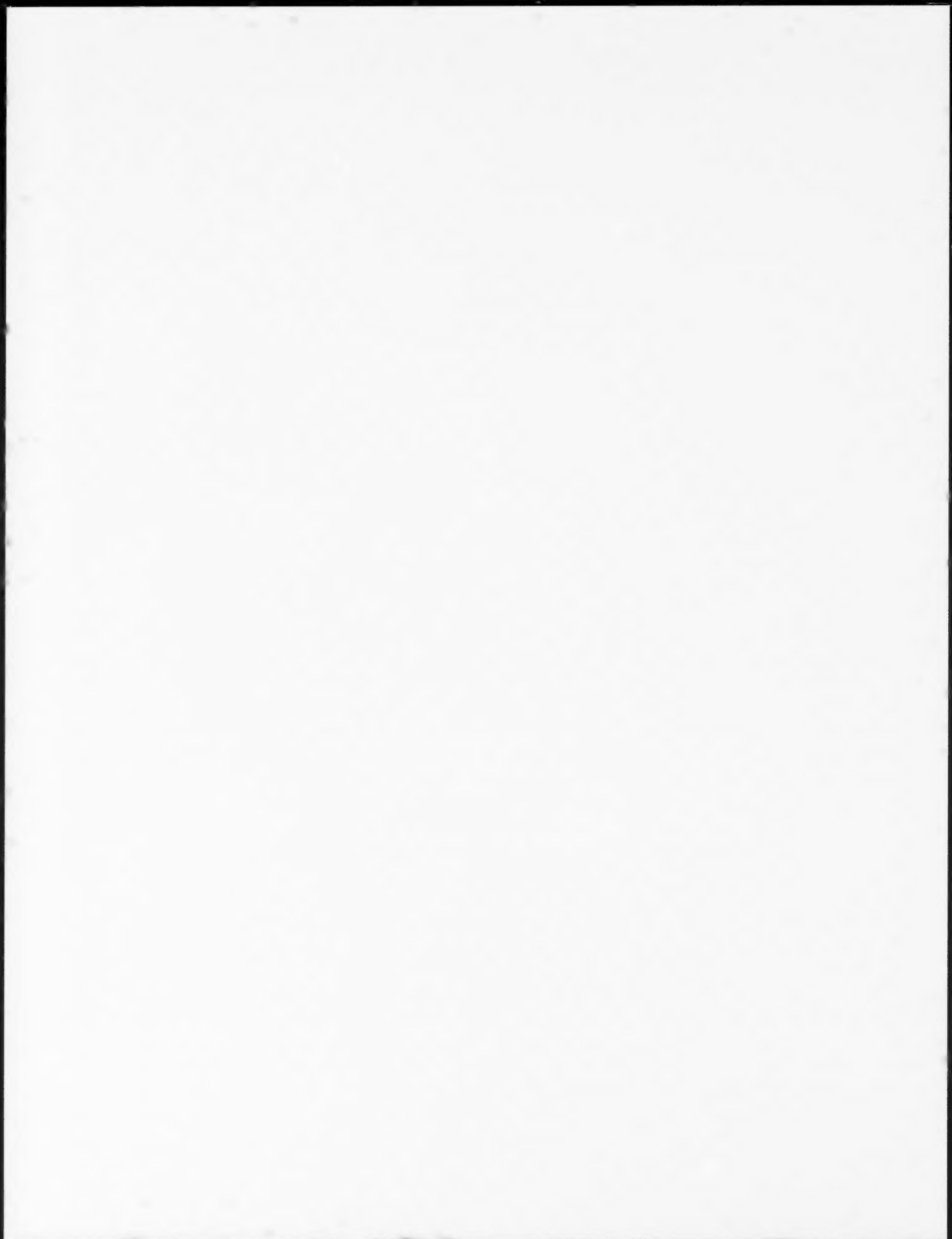
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CHAIR'S MESSAGE

As Acting Chair of the Board of Directors, I am very pleased to present the third Annual Report for Health PEI.

The Board of Directors is extremely proud of the progress and accomplishments achieved over this past year. Changes and improvements to programs and services have been significant, ranging from the expansion of private and public long-term care beds, enhancements to ground ambulance services, and success in recruiting health care professionals. Improvements such as these have a direct impact on quality, access, and efficiency of health care services for Islanders.

This past year marked a turning point for the Board. With the departure of our former CEO, Keith Dewar, and an extensive recruiting process the Board recommended the appointment of Dr. Richard Wedge as the new CEO. There were also some changes to the Board composition during this past year. The Board, through its Nominations Task Group, worked collaboratively with Participate PEI to establish a public, transparent, and competency-based nomination and recruitment process to fill Board membership vacancies.

For the Board, 2012-13 was a very successful year, marked by a commitment to quality and safety, the successful launch of the 2013-16 Health PEI Strategic Plan, and enhanced engagement and relationship building with the public and key stakeholders. The Strategic Plan will guide service delivery and system improvements over the next three years. For the Board, this document provides strategic direction to the health system and also provides a guiding framework to measure performance and communicate our progress to the public and government.

Quality and safety has always been an important focus of the Board, and Health PEI has started to establish a national profile for its leadership and commitment in this key area. We have put in place a number of leading practices which we are very proud of, including:

the "Leadership Excellence in Quality and Safety Awards Program" to recognize contributions to quality and safety by staff; "Quality and Safety Walking Tours" where board members visit Health PEI sites; and "Quality and Safety Stories" as a regular agenda item at Board meetings.

The Board views engagement with public, stakeholders, and partners as a key priority. Over the past year we linked with professional bodies such as the Medical Society of PEI, the College of Family Physicians, the Association of Registered Nurses, and the Licensed Practical Nurses Association of PEI to explore the future of health care from the perspective of health care providers. We met with Hospital Foundations, community groups, and many others representing a variety of health related interests and perspectives to explore how we can work together more effectively to meet the diverse needs of Islanders. We look forward to working collaboratively and in partnership with all stakeholders to achieve the vision of one Island health system.

At this time, I would like to thank Mr. Steven for his exceptional leadership and guidance during his term as Chair.

We are proud of our accomplishments during the past year as we continue the journey toward our vision – *One Island health system supporting improved health for Islanders*. We look forward to continuing this journey, working together with Islanders, staff, physicians, health care partners, and volunteers to improve health care.

Respectfully Submitted,

Gordon MacKay
Acting Chair, Health PEI Board



CEO'S MESSAGE

On behalf of the staff and physicians of Health PEI, I am pleased to present the Minister of Health and Wellness and the people of PEI the 2012-13 Annual Report for Health PEI.

This report represents both our past and future as an organization; reporting our achievements in the final year of our 2009-12 Strategic Plan and outlining the course set out in the 2013-16 Strategic Plan.

This past year, improvements outlined in the 2009-12 Strategic Plan have continued. In our Renewed Model of Home-Based and Long-Term Care we have seen an increase in the number of private and public long-term care beds across PEI and the opening of the new Summerset Manor in Summerside. The Enhanced Home Care Program, through the Queen Elizabeth Hospital (QEH), has enabled more seniors to stay at home instead of being admitted to long-term or community care beds.

Our Renewed Model of Community-Based Primary Health Care has continued to focus on chronic disease prevention and management. We have extended our Chronic Obstructive Pulmonary Disease (COPD) programs in all five of the primary health care networks and initiated a more sensitive and specific method to detect colon cancer. We have continued to improve equity and access to mental health services across the Island with the implementation of a collaborative mental health service in the West Prince Primary Health Care Network and planned expansion to the Montague Health Centre next fiscal year. Additionally, we continued to strengthen services for special populations including children, seniors, and people experiencing concurrent mental health and addiction needs.

We continue to build on the integration of Acute and Facility-Based Care with improved access to emergency care by adding two rapid response units which bring more timely access to emergency health care. The opening of the QEH Ambulatory Care Centre has provided better access to specialized care in an ambulatory environment so people continue to receive needed care while staying at home.

Finally, System Enablers have addressed the needs of building an efficient and quality health care delivery system. Adoption of the electronic health record continued in 2012-13 with the implementation of the computerized provider order entry (CPOE) at select facilities. This will result in more timely health care provider orders while reducing the opportunity for errors. Through our system enablers work we have implemented a Collaborative Model of Care (CMoC) initiative which is aimed at ensuring staff work to their full scope while continuing to keep a person-centered care focus.

Health PEI has made many improvements over the course of our 2009-12 Strategic Plan. I am very proud of the staff and physicians of Health PEI. In this past year they have continued to show their commitment to improving the safety, quality, and sustainability of health services for all Islanders. With our new 2013-16 strategic direction charted, I look forward to working with the staff and physicians of Health PEI, in partnership with Islanders, to lay the course to better health care.

Respectfully Submitted,

Dr. Richard Wedge
CEO, Health PEI

HEALTH PEI

Mandate

Health PEI is a Crown Corporation responsible for the operation and delivery of publicly funded health services for Islanders. Health PEI is governed by a Board of Directors that ensures approved programs are delivered in accordance with the direction from the Minister of Health and Wellness. Further details on the roles, responsibilities, and activities of the Board are outlined on page 5.

Organizational Structure

Health PEI's organizational structure, pictured in Figure 1, is arranged into divisions that cover essential frontline services and system supports. Frontline services cover a broad spectrum of health care services including: emergency services, surgical services, ambulatory care, extended care, primary care, mental health and addictions, public health, provincial homes and manors, home care, and palliative care. System supports encompasses a wide variety of necessary activities to support the organization as a whole such as program development and evaluation, financial planning, analysis, and audit.

For more information about the organization, visit www.healthpei.ca

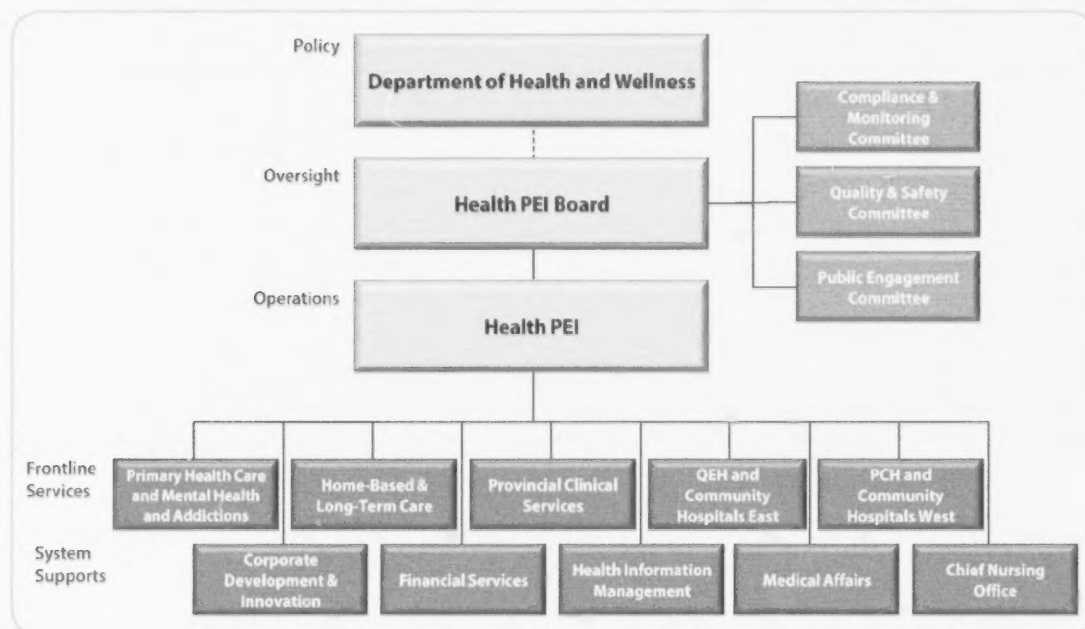


Figure 1. PEI Health System Organizational Structure.

HEALTH PEI BOARD

The Health PEI Board of Directors, established in 2010, is a competency-based board appointed by the Minister of Health and Wellness.

The Board governs Health PEI, oversees the work of the CEO, and is ultimately accountable to the Minister and provides advice on health policy matters. Board Members work collectively on behalf of all Islanders to provide high-level oversight of Health PEI's financial management and delivery of safe, quality health care.

Board Role and Responsibilities

The role of the Board is to govern and manage the affairs of Health PEI. Principle responsibilities include:

- Employing the Chief Executive Officer.
- Setting the strategic direction of Health PEI, in line with the priorities of government.
- Establishing policies which specify executive/organizational expectations, governance processes, and board-management delegation.
- Monitoring executive/organizational performance in relation to achievement of the strategic direction and compliance with Board policies.
- Monitoring the budget and ensuring required financial and other reporting requirements are met.
- Monitoring the principle risks of the organization and the policies in place to manage those risks.
- Monitoring organizational quality and safety processes.
- Approval of medical staff by-laws and execution of Board related duties outlined therein.
- Providing a framework for public and stakeholder engagement.
- Providing the Minister with plans and reports that are in line with policy and accountability requirements.
- Organizing committees, activities, and general processes through which to conduct its business.

2012-13 Board Membership*

Officers:

Leo Steven, Chair
Gordon MacKay, Vice-Chair

Members:

Dr. Marvin Clark, MD
Kenneth Ezeard, CA
Phyllis Horne
Amie Swallow MacDonald
Denis Marantz
Donna Murnaghan, PhD
James T. Revell, LLB
Rhonda Smallman
Dr. Kinsey Smith, MD

Board Committees:

- Quality and Safety Committee
- Compliance and Monitoring Committee
- Public Engagement Committee

*For a current list of the Board membership refer to our website at: www.healthpei.ca/board



2012-2013 Board members missing from photo: Leo Steven - Chair, Amie Swallow MacDonald.

To learn more about the work of our Board, please visit www.healthpei.ca/board

Board Highlights

The Board of Directors meets as a whole on a monthly basis, at various locations throughout the province. The Board conducts its regular business using an annual monitoring and decision making schedule.

Major accomplishments for the Board during 2012-13 include:

- Renewal of Health PEI's Strategic Plan;
- Development and implementation of a public and transparent nominations process;
- Ongoing refinement of board evaluation processes; and
- Readiness for Accreditation in September 2013.

Board Committees

The Board also uses a number of committees and task groups to carry out work within focused areas. The following is a list of standing Board Committees:

- Quality and Safety Committee
- Compliance and Monitoring Committee
- Public Engagement Committee

Quality and Safety Committee

The Quality and Safety Committee is responsible for monitoring organizational performance in relation to quality and safety and for promoting excellence in quality and safety within Health PEI. The Committee uses a system of regular organizational reports, quality indicators (metrics), and "Quality and Safety" Walking Tours to monitor and report on organizational quality and safety. Highlights include:

- **"Quality and Safety Stories":** The purpose of "Quality and Safety Stories" is to assist the Board in understanding their governance role in relation to quality and patient safety. This topic was added as a standing quarterly Board agenda item.
- **Quality and Safety Walking Tours:** The Quality and Safety Committee conducts quarterly Quality and Safety Walking Tours at Health PEI and visited the following sites across the province:
 - Kings County Memorial Hospital
 - QEH: Lab, Diagnostic Imaging and Pharmacy

- Primary Health and Public Health (Charlottetown)
- Addictions and Mental Health (Charlottetown)

- **Leadership Excellence in Quality and Patient Safety:** This Program was launched in 2012 to recognize leadership excellence in quality and safety. The Program has individual and group categories.

Compliance and Monitoring Committee

The Compliance and Monitoring Committee is responsible for monitoring organizational performance and compliance with Board policies. The work of the Committee includes:

- Annual appointment of the Auditor;
- Regular receipt and monitoring of organizational reports and updates on annual budget forecasts, capital budget, financial performance, and key performance indicators;
- Regular review and assessment of Board Policies.

Public Engagement Committee

The purpose of the Public Engagement Committee is to foster education and build effective public participation in health related matters. Highlights include:

- During 2012-13, the Public Engagement Committee linked with key representatives from a large number of groups and organizations for information exchange and learning, as follows:
 - **Discussions related to population health:** The Committee met with the PEI Seniors Secretariat and the PEI Department of Education and Early Childhood Development – School Health representatives.
 - **Discussions related to engagement of health professionals:** The Committee met with the Association of Registered Nurses of PEI, Licensed Practical Nurses Association of PEI, College of Family Physicians, and the Medical Society of PEI.
 - **Discussions related to community health needs:** The Committee, as well as the Board, met with local hospital foundations and other community groups throughout the year. The Board also hosted a series of community/key stakeholder group meetings to provide input into the strategic plan renewal process early in the 2012 year.

UNDERSTANDING THE PEI POPULATION AND RELATED HEALTH CARE NEEDS

For Health PEI to effectively support the health needs of Islanders it is important to be responsive to the demographic and health trends that characterize the population of Prince Edward Island. Two trends reflected in PEI's demographic and health profiles, and those of many other Canadian jurisdictions, are an aging population and an increase in the prevalence of chronic health conditions.

In 2000, the median age of Islanders was 37.1 years and in 2012, it was 42.6 years.¹ Over the same period the percentage of Islanders aged 65 and older grew from 13.5% to 16.4%.² In ten years that percentage is projected to increase to 22.5%.³ In response to this trend, Health PEI has undertaken a number of initiatives to enhance services most used by this segment of the population. In the area of long-term care, efforts have continued with the expansion and modernization of facilities including the opening of the new Summerset Manor and the completion of upgrades and expansion of the Margaret Stewart Ellis Home. Furthermore, all home care sites across the province have implemented the CMoC. The new model allows teams of health care providers to work to their full scope of practice. This model makes the best use of resources, provides services

which support an improved quality of life, and allows Islanders to remain in their homes longer.

The prevalence of chronic conditions in the Island population has consistently been above the national average over the last decade.⁴ Examples of chronic conditions include arthritis, asthma, heart disease, all types of diabetes, and all types of cancer.

To address the prevalence of these conditions (refer to Figure 2), and the strain they place on the health system, Health PEI has undertaken a number of initiatives including the integrated chronic disease prevention and management strategy which was recently updated – Stemming the Tide: Health PEI Chronic Disease Prevention and Management Framework 2013-2018.⁵ Through this strategy, Health PEI has worked to increase education on the prevention and management of chronic conditions amongst health care professionals and the public through such initiatives as the release of the Passport to Health. This resource provides Islanders and health care professionals with information regarding chronic disease prevention and management (For more information on the Passport to Health, visit: http://www.gov.pe.ca/photos/original/hpei_passport.pdf).

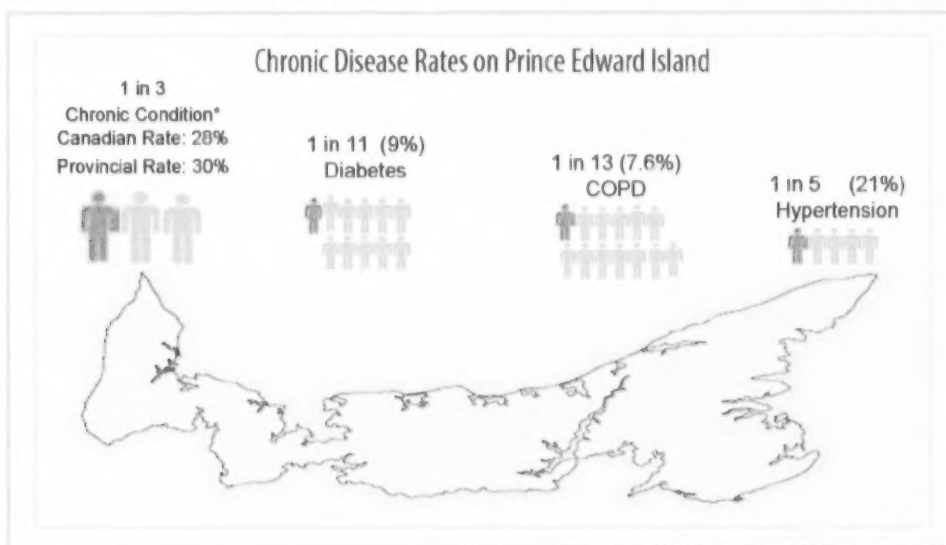


Figure 2. Chronic Disease Rates on Prince Edward Island.⁶
*Includes arthritis, asthma, heart disease/stroke, diabetes and/or cancer.

ISLANDERS AT A GLANCE



Island Population^{7,8,9}:

- Estimated 2012 PEI population: 146,105
- 48.8% Male and 51.2% Female
- PEI's population increased at the same rate as Canada's (4.7%) between 2008 and 2012
- Population aged 65 and over: 16.4% of PEI's population; 14.9% of Canada's population
- By 2020, PEI's population aged 65 and over is expected to account for 21.0% of the Island population compared to 18.0% for Canada
- In 2012, the number of new immigrants to Canada that settled in PEI: 1,379
- Average number of births per year: 1,420; average number of deaths per year: 1,321 (average 2009-2012)

Health Status of Islanders¹⁰:

- More Islanders are likely to self-report as overweight or obese compared to the Canadian average
- In comparison to other reporting provinces/territories PEI has:
 - 4th highest self-reported rate of diabetes
 - 4th highest self-reported rate of asthma
 - 5th highest self-reported rate of high blood pressure
 - 10th highest self-reported rate of smoking
 - 2nd highest incidence of hospitalized heart attack events (age standardized, per 100,000)
 - 5th highest incidence of hospitalized stroke events (age standardized, per 100,000)
 - 3rd highest incidence of all cancers (rate of new primary sites of cancer per 100,000)

HEALTH PEI'S STRATEGIC DIRECTION

The following pages highlight progress made over the past four years in support of Health PEI's strategic direction.

A key activity undertaken by Health PEI during 2012-13 was the development of a renewed strategic plan, which outlines the organization's strategic direction over the 2013-2016 period. Health PEI will continue to build on the four dimensions of change outlined in the 2009-2012 Strategic Plan and will support the new strategic goals of quality, access, and efficiency (see Figure 3). This renewed strategic direction also reinforces the need for a shift in how services are delivered, moving away from hospital-based acute care services to a greater focus on community-based services in primary health care and home care.

Health PEI's renewed strategic direction continues with key activities initiated in the previous phase, for example the continued adoption of the provincial electronic health record, and also identifies initiatives in support of new priorities. A sample of these initiatives include: implementation of a phone-based language interpretation service to support clients who are challenged to understand English during the service delivery process; several primary care projects focusing on improving access to health care professionals; the opening of 70 additional long-term care beds; expansion of the Enhanced Home Care for Frail Seniors Program; and the initiation of a tele-health telephone service.

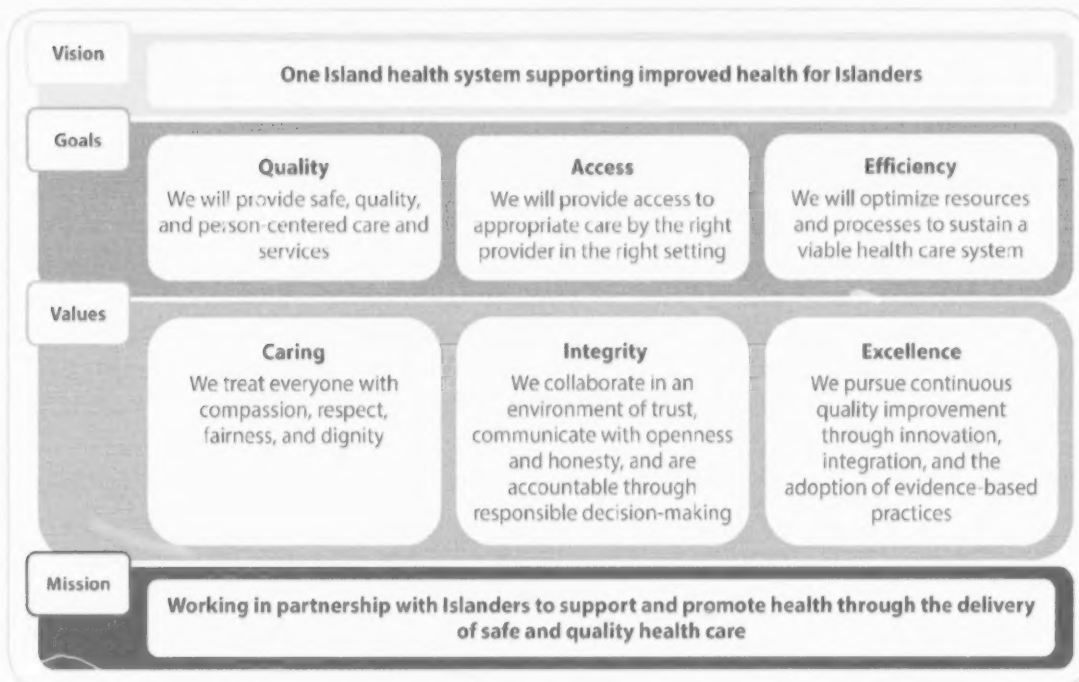


Figure 3. Health PEI's Vision, Goals, Values, and Mission.

PROGRESS ON STRATEGIC AREAS OF CHANGE

The 2012-13 Annual Report is the final report in Health PEI's previous strategic planning cycle, which covered the period from 2009 to 2012-13. Over the past 4 years, Health PEI focused on four key dimensions of change:

- Renewed model of home-based services;
- Renewed model of community-based primary health care;
- Focused integration of acute and facility-based care; and
- Investment in strategic system enablers.

Health PEI has made significant progress in moving the strategic initiatives required to support these system changes forward with such accomplishments as implementing a provincial diabetes program, a provincial stroke unit, a manor replacement program, and the development of a new ambulatory care centre at the QEH. The following section highlights some of the key deliverables achieved over the past four years.



2009-2012/13 Highlights

A number of projects aimed at enhancing home-based home care and long-term care services throughout the Island have been completed over the past three years. Completed enhancements in long-term care include the Colville, Maplewood, and Summerset manor replacement projects. In home care, a demonstration project which provided two weeks of supplies to qualifying patients leaving acute care facilities and a falls management demonstration project were initiated. Numerous other projects have been undertaken to enhance Island home care services including the development and testing of a new strategy for caring for frail seniors at home, a care giver support strategy, and an assisted discharge program.

Accomplishments in support of a renewed model of primary health care included the establishment of five primary care networks across the province to ensure Islanders have access to collaborative primary health care services they need within 30kms of their home. Further to this, the provincial diabetes program was integrated within these five primary care networks. Significant advances were made in chronic disease prevention and management with the development of provincial programs (e.g., COPD, INR, hypertension, and colorectal cancer screening). In addition, a provincial acute stroke unit and a provincial stroke rehabilitation unit and clinic were opened at the QEH with ambulatory (or out-patient) stroke rehabilitation teams at the QEH and PCI I. As well, a stroke prevention service was piloted.

Integration of acute care services in the province has been supported by the new utilization management and patient flow policies, the completion of a new Ambulatory Care Centre, a new Emergency Department at the QEH, and the development and implementation of new wait times and transitions management strategies.

Projects investing in strategic system enablers over the last three years included the development of a three year information technology road map, a system wide employee development and appraisal policy, and the initial implementation of a computerized provider order entry system at all hospitals in the province. The Island health system also underwent a substantial reorganization during this period to improve accountability and efficiency which included the passage of medical staff bylaws, the appointment of the first Health PEI Board of Directors, enactment of the *Health Services Act* and the appointment of Health PEI's first CEO.

Of the 19 strategic initiatives undertaken by Health PEI over the last three years, 12 have been completed and closed out. Work will continue on the outstanding strategic initiatives.

While we have been successful in achieving some of our targets, results for Health PEI's 2012-13 key performance indicators demonstrates continued challenges across the system (refer to Appendix A). Two notable areas of significant pressure are wait times for targeted surgical services and average length of stay in Health PEI's acute care facilities.

The delivery of elective hip and knee replacements and cataract surgery within assigned wait times continues to be below the national targets. Contributing factors impacting wait time lengths can vary depending on the type of surgery, however common factors include: availability of operating room time, access to in-patient beds and an increase in demand – the latter factor is quite dependent on the increase in population 65 and over.

A number of strategies have been initiated to address challenges in elective surgery wait times. To improve timely access to cataract surgeries, Health PEI is building a dedicated ophthalmology surgical suite as part of the



redevelopment of the QEH Day Surgery Department. This redevelopment is scheduled for completion by the spring of 2014. This addition is expected to not only have a positive impact on wait times for cataract surgeries, but for other surgical areas as well.

To address longer wait times for hip and knee replacements, Health PEI has provided additional funding in 2013-14 to increase the number of joint replacements performed. Further to this, Health PEI is planning to increase the number of designated beds for orthopedic surgery in 2014. It is expected that these mitigation strategies and additional funding during the current fiscal year (2013-14) will bring Health PEI closer to the national targets for our prioritized elective surgeries. Still, as the PEI population aged 65 and over is increasing by 1,000 annually, we will need to continue to be proactive in this service area.

In all hospitals across the province, a major challenge for Health PEI is a patient's average length of stay (ALOS). Since 2009, the average length of stay has exceeded the expected length of stay by three days or more and is continuing to increase. Several key factors that influence length of stay includes: inadequate community programs both in health and other government services to support patients leaving hospitals, inefficient internal processes, and limited patient/family involvement in the discharge planning process.

Over the past several years, Health PEI has invested resources in several areas with the goal of reducing acute average length of stay. Efforts to address gaps in the health system have included improved access to a range of integrated community-based programs in primary health care, public health and home care; an increase in the number of long-term care beds; and transition



management strategies; and the development of key policies such as the First Available Long-term Care Bed policy and the Disclosure policy. In 2013-14, Health PEI also initiated the launch of the Overall Average Length of Stay (OALoS) initiative, which is focused on reducing the length of stay in hospitals. Further information on this initiative is available in the 2013-14 Health PEI Business Plan.

2012-13 In Brief

This section highlights the key accomplishments during the 2012-13 fiscal year in support of Health PEI's 2009-2012 strategic direction.

Renewed Model of Home-Based and Long-Term Care Services

- A pilot of the Enhanced Home Care for Frail Seniors Program was completed in September of 2012 in partnership between Queens Home Care and the QEH. Thirty-six clients were admitted to the program during the one year pilot. A major outcome was their ability to stay at home longer. At a system level the pilot resulted in 2064 fewer days of long-term care and 1876 fewer days of community care. The program continues to be available to patients discharged from the QEH to home with services from Queens Home Care.
- The CMoC initiative was successfully implemented at the Prince Edward Home. Comprehensive training and changes in practices have increased capacity and the potential to effectively respond to resident needs. Improved utilization of resources has resulted in further implementation of a person-centred care philosophy.
- In 2012-13, a total of 23 new long-term care beds were added to the system. Further to this, a request for proposal (RFP) was issued in March 2013 for an additional 55 private long-term care beds to be added to the system over the next two years. In all, by March 2015, there will be 1,129 long-term care beds in PEI, which will result in improved access to long-term care for Islanders.
- The new Summerset Manor in Summerside was completed in January 2013. It is an 82 private room facility set up in six households and divided into three neighbourhoods. One neighbourhood is designated as bilingual so residents who prefer to speak French can receive services in their preferred language. The design provides a home-like atmosphere and the care provided is guided by the principles and values of family and person-centered care.
- The expansion to the Margaret Stewart Ellis Home in O'Leary was completed in February of 2013. The expansion includes 15 new private rooms, including 14 new long-term care rooms and one respite room. This modernized facility provides a better physical environment and the improved staffing model focuses on family and person-centred care.
- A new four bed palliative care unit was opened at Community Hospital O'Leary in August of 2012. The unit now provides full service palliative care to West Prince residents. The service is a combination of compassionate therapies and comfort services intended to support those living with a life-ending illness.

Renewed Model of Community-Based Primary Health Care

- In early 2012, laboratory services in PEI implemented the latest technology in colorectal cancer screening known as FIT (Fecal Immunochemical Test) which is more sensitive and specific to human hemoglobin. In 2012, just over 4,100 Islanders participated in testing. Colorectal cancer is the third most common cancer in PEI. The goal of this program is to identify issues before they develop, diagnose colon cancer at an early stage, and reduce the numbers of Islanders diagnosed with the disease.
- A number of quality service improvements have been made through an enhanced mental health services strategy. Progress to date includes the on going move towards a centralized children's intake for community mental health, a standardized adult intake for community mental health, and work is in progress to enhance service delivery to seniors and people experiencing concurrent disorders. An expanded model of collaborative mental health care within primary care is in place in West Prince and planning for this model is also underway at the Montague Health Center.
- Results of a Primary Health Care Survey were released in March of 2013. There were 63,000 copies of the survey mailed to Islanders in the fall of 2012 and 12,000 were completed – a 19 percent response rate. The results from this survey have been used to inform further program planning within primary health care and mental health and addictions.
- Primary Care Networks have begun piloting two hypertension clinics in Souris and Central Queens Health Centre where patients with hypertension are monitored and provided education about normal blood pressure, effects of sodium, exercise, stress management, and other related issues.
- Health PEI has been working in partnership with Abegweit First Nations, Lennox Island First Nation, Mik'maq Confederacy of PEI, Native Council of PEI, Aboriginal Women's Association of PEI, and First Nations and Inuit Health Atlantic to recommend mechanisms to integrate programs and services



for delivery of chronic disease prevention and management with an end goal of improving the health of Aboriginal people.

- Public Health Programs led the adoption across Health PEI of the World Health Organization's (WHO) new growth charts as a clinical standard. The WHO growth charts provide a platform for reinforcing healthy child growth, identifying growth concerns effectively, and planning appropriate interventions for nutrition-related issues such as childhood obesity, failure to thrive, and poor growth.
- Public Health Nursing partnered with the Reproductive Care Program, acute care nurseries in PCH and QEH as well as Child and Family Services in a new initiative to prevent shaken baby syndrome. The Period of PURPLE Crying® is a prevention program designed to educate parents and caregivers about the normal patterns of infant crying, to anticipate this behavior, and to safely respond to a crying infant.

Focused Integration of Acute and Facility-Based Care

- Expansion of the QEH Hospitalist Service continued in 2012-13. A hospitalist provides physician care for patients without a family doctor or whose family doctor does not have admitting privileges at the QEH.
- In 2013, the province announced additions to the provincial ambulance fleet. Two new transfer units will work specifically to transfer patients from one facility to another. Also, two new rapid response units, one for eastern PEI and one for the west, will station a fully trained emergency medical technician in the region who can respond to a 911 call immediately.



- The Ambulatory Care Centre at the QEH opened in August 2012. Some of the services provided at the new centre include asthma education, enterostomal therapy, a heart health clinic, a vascular prevention clinic, and outpatient dietitian services.
- The Ottawa Model for Smoking Cessation (OMSC) was introduced in the QEH, PCH, and Community Hospitals in 2012-13. The Ottawa Model is a systematic approach for addressing smoking among hospitalized patients using a standardized approach to identifying smokers upon admission to hospital, providing them with assistance in quitting and support for nicotine withdrawal while in hospital, and ensuring follow up counseling once they leave hospital to assist them in remaining smoke-free.

System Enablers

- Health PEI has continued the transition to the Electronic Health Record over the past year. Efforts in this area included PCH's and Stewart Memorial's adoption of electronic processing of lab, general radiology and allied health consult orders for inpatient and emergency department patients. The addition of this technology into order processing, one of the key processes in health care, will enhance quality and is more appropriate for a modern health care system.
- In preparation of the new French Languages Services Act, Health PEI has taken steps to increase French services throughout the system. This has included public engagement activities such as French interpretation at the 2012 Annual General Meeting and bilingual surveys regarding Mental Health and Addictions and the 2013-2016 Strategic Plan. Other achievements from the 2012-13 fiscal year include the opening of a bilingual neighbourhood (26 bed) in the new Summerset Manor, the approval of a new

Language Interpretation policy, the implementation of a new Tele-health line service staffed with bilingual nurses, and the initiation of the translation of the Health PEI website into French.

- A new dedicated toll-free number for the provincial Patient Registry Program was established in May of 2012. This number more efficiently connects Islanders seeking a family physician with one who is accepting new patients.
- Health PEI launched a redesigned website in February of 2013. This redesign was in response to feedback collected through internal and external focus groups held in September of 2011. The redesigned website will make it easier to find information about the programs and services Health PEI delivers to Islanders. The site is currently in the process of being translated into French and the next phase will see specific pages translated into different languages for our growing newcomer population.
- During 2012-13, work continued across the province to implement the CMoC Strategic Initiative. For Islanders, CMoC is about receiving the right care, from the right provider in the right place. For our health professionals, it's about ensuring that they are practicing to their full skilled and educated potential and that they are able to effectively collaborate with other professionals in their work setting. To date, the model has been implemented in over 20 sites across the island from long-term care, acute care and home care, as well as in all Primary Care Networks. Implementation continues to roll out in various sites across the province and extensive work is currently underway within Mental Health and Addictions sites to implement the model. The benefits of the model are starting to be realized across the system with fewer bed closures over Christmas and summer vacation periods. As well, more frontline staff caring for patients has resulted in an increase of more than 106,000 patient care hours within the system.

To view our new website and learn more about our strategic initiatives, visit: www.healthpei.ca

COMMUNITY PARTNERS

Over 1,300 community members across the Island volunteer within our seven hospitals and across our many community-based services. Auxiliary groups across the Island run local programs and fundraisers for their respective hospitals and communities. PEI's hospital auxiliaries include:

- Kings County Memorial Hospital Auxiliary
- Queen Elizabeth Hospital Auxiliary
- Prince County Hospital Auxiliary
- Stewart Memorial Hospital Auxiliary
- Western Hospital Healthcare Auxiliary
- O'Leary Community Hospital Ladies Auxiliary

Through relationships with these groups, new program partnerships have been developed and skilled health resources shared.

Hospital Foundations

Continued commitment from PEI's hospital foundations over the years has been exemplary. PEI's hospital foundations include:

- Eastern Kings Health Foundation
- Kings County Memorial Hospital Foundation
- Queen Elizabeth Hospital Foundation
- Prince County Hospital Foundation
- Stewart Memorial Hospital Foundation
- Western Hospital Foundation
- O'Leary Community Health Foundation

As a result of the generous contributions to our hospital foundations, money is raised to purchase or upgrade medical equipment, fund bursaries for professional groups, make non-equipment resource purchases for the hospitals, and other purchases.

Non-Government Organizations

Health PEI works collaboratively with various non-governmental organizations (NGOs) to improve the health of Islanders through community resources and services. PEI NGOs working in health care help strengthen our local health system.



For more information about the foundations, visit:
www.healthpei.ca/hospitals

FINANCIAL HIGHLIGHTS

This section of the Annual Report highlights the organization's operations for the fiscal year ending March 31, 2013 (Table 1). This financial section should be read in conjunction with Health PEI's audited financial statements (Appendix B).

It is important to note that the \$13.92 million surplus is a result of the change in Public Sector Accounting Standards effective April 1, 2012 which requires revenues for capital activities to be recognized when it is received. Under previous Canadian accounting standards for public sector entities, monies received for the acquisition of tangible capital assets were amortized over the same period as the related asset. With the change in accounting standards, Health PEI recorded \$16.85 million in surplus due to capital activities which, when combined with the \$2.93 million deficit in operating activities, resulted in a net overall surplus of \$13.92 million.

	Actuals (\$)
OPERATING ACTIVITIES:	
Revenues	
– Provincial Health Grant	542,717,500
– Fees and other revenues	25,018,372
Expenditures	570,663,058
Subtotal - Operating	(2,927,186)
CAPITAL ACTIVITIES:	
Revenues	
– Provincial Health Grant	27,844,472
– Other contributions	5,296,331
Amortization Expense	16,289,239
Subtotal - Capital	16,851,564
Total Annual Surplus	13,924,378

Table 1. Statement of Revenues and Expenditures as of Health PEI year ending March 31, 2013.

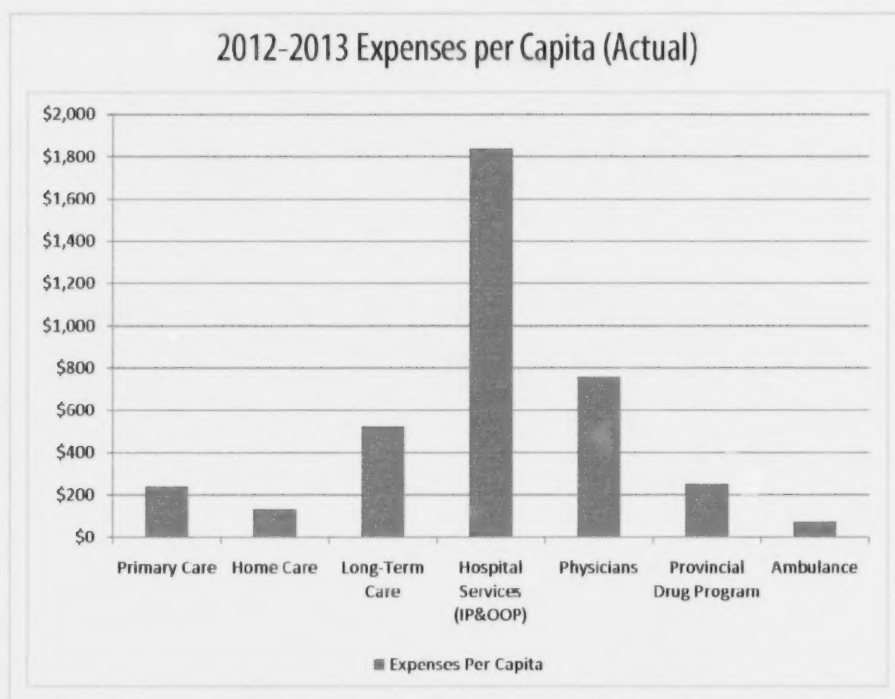


Figure 4. Actual Expenses per Capita as of Health PEI year ending March 31, 2013.

Expenses per Capita

Budgeted spending per capita highlights the Provincial Government's health expenditure by use of funds divided by the population (see Figure 4). This indicator allows Health PEI leadership to target and track service enhancement and better control spending in specific areas. Targets are set based on anticipated areas of growth or projected needs for additional resources to meet the needs of Islanders.

Expenses by Sector

- Primary Health Care & Provincial Dental Program – expenses relating to the provision of primary health care by nursing and other health care providers including community primary health care, community mental health, addiction services, public health services and dental programs.
- Home-Based Care – expenses relating to the provision of home nursing care, home support services and dialysis services.
- Long-Term Care – expenses relating to the provision of long-term residential care
- Hospital Services – expenses relating to acute nursing care, ambulatory care, laboratory, diagnostic imaging, pharmacies, ambulance services and the clinical information system as well as out-of-province medical care for Islanders.
- Physicians – expenses relating to services provided by physicians and programs for physicians including primary health care, acute medical care, specialty medical care, and the medical residency program.
- Provincial Drug Programs – expenses relating to the provision of pharmacare programs including Seniors Drug Cost Assistance program, Social Assistance Drug Cost Assistance Program and High Cost Drugs Program.
- Ambulance – expenses relating to the contracting and provision of emergency medical services.
- Corporate & Support Services – expenses relating to the provision of centralized, corporate support services including: strategic planning and evaluation; risk management; quality and safety; human resource management; financial planning and analysis; financial accounting and reporting; materials management; and health information management

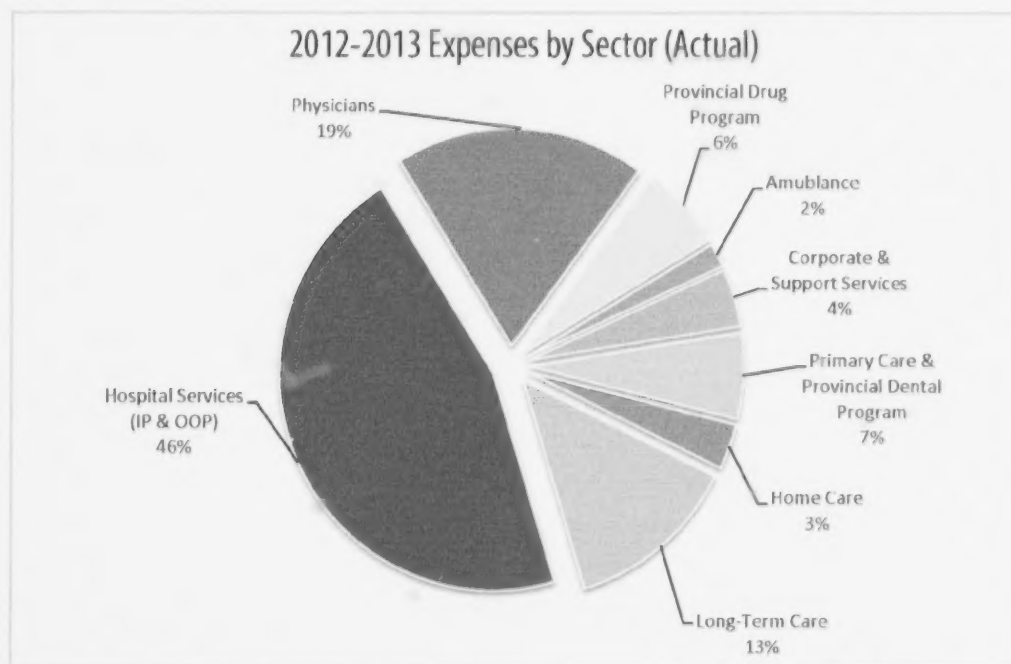


Figure 5. Actual Expenses by Sector as of Health PEI year ending March 31, 2013.

HEALTH PEI BY THE NUMBERS

Employees¹¹	2010/11	2011/12	2012/13
Nursing (NPs, RNs, LPNs, RCWs & PCWs)	1,469	1,535	1,634
Administration and Management	172	175	191
Lab Technicians	199	202	218
Secretarial/Clerical	253	261	264
Utility Worker/Service Worker	362	363	368
Other Health Professionals and Support Staff	924	969	992
Medical Staff¹²			
Family Physicians	115	117	121
Specialists	103	98	102
Residents	10	10	10
Hospital-Based Service Volumes Across Health PEI¹³			
Emergency Visits	102,366	100,631	101,657
Operative Cases (Acute Care)	3,705	3,824	3,705
Operative Cases (Day Surgery)	6,534	6,665	6,064
Inpatient Days	133,540	141,552	143,690
Admissions	15,544	15,738	15,331
Average Length of Stay (days)	8.5	8.7	9.47
Number of Diagnostic Imaging Exams	139,870	141,151	145,004
Number of Tests Processed by Laboratory Services ¹⁴	—	2,289,000	2,430,755
Hospital Based Mental Health Services - Inpatient Admissions ¹⁵	996	999	1020
Long-Term Care¹⁶			
Occupancy Rate	98.4%	97.8%	98.9%
Number of long-term care admissions	206	225	206
Number of long-term care beds (public facilities)	572	572	575
Number of long-term care public facilities	9	9	9
Average Length of Stay (years)	2.7	2.5	2.8
Home Care¹⁷			
Number of Clients Served by Home Care ¹⁵	4,589	4,615	4,649
Number of Home Care Clients that are 75+ years old	2,608	2,719	2,705

HEALTH PEI BY THE NUMBERS (CONTINUED)

PEI Cancer Treatment Centre ¹⁹	2010/11	2011/12	2012/13
Radiation Therapies and Simulation Visits	8,866	8,824	8,630
Medical Visits ²⁰	10,917	12,947	14,778
Radiation Consults and Follow-Ups ²¹	3,901	3,759	3,752
Medical Consults and Follow-Ups ²²	6,676	5,934	4,870
Primary Health Care Statistics²³			
Community Mental Health Provincial – Referrals	4,725	5,004	5,394
Community Mental Health – Crisis Response ²⁴	1,061	1,040	1,294
Addiction Services – Total Admissions	3,022	3,150	3,628
Speech Language Pathology Program Referrals ²⁵	586	335	574
Audiology Referrals ²⁶	788	438	400
Immunization Rate (2 years old fully immunized) ²⁷	83%	84%	84%
Visits to Primary Care Health Centres ²⁸	90,222	84,786	83,009
Primary Care Health Centres – # distinct clients ²⁹	23,826	22,180	22,102
Provincial Diabetes Programs – # class attendees	926	889	724
Provincial Diabetes Programs – # of classes	129	177	138
Provincial Diabetes Programs – Total # of referrals (Pediatric Type 1 & 2; Adult Type 1 & 2; Gestational Diabetes) ³⁰	1,395	1,683	1,576
Public Health Dental Program – # of children ^{31,32} who received dental treatment	7,500	7,191	5,841
Public Health Dental Program – # of children who participated in the school-based prevention program	14,286	12,648	13,329



REFERENCES/NOTES

- 1 Statistic Canada, Government of Canada. Estimates of population, by age group and sex for July 1, Canada provinces and territories. Retrieved From <http://www5.statcan.gc.ca/cansim/a05?lang=eng&id=0510001>.
- 2 Department of Finance, Energy and Municipal Affairs, Economics, Statistics and Federal Fiscal Relations; PEI Population Projections 2013-2053. Website: http://www.gov.pe.ca/photos/original/pt_pop_proj.pdf
- 3 Department of Finance, Energy and Municipal Affairs, Economics, Statistics and Federal Fiscal Relations; PEI Population Projections 2013-2053. Website: http://www.gov.pe.ca/photos/original/pt_pop_proj.pdf
- 4 Promote, Prevent, Protect - PEI Chief Health Officer's Report and Health Trends, 2012.
- 5 Community Hospitals and Primary Health Care Division, Health PEI. Stemming the Tide: Health PEI Chronic Disease Prevention and Management Framework 2013-2018. Health PEI; June 2013.
- 6 Community Hospitals and Primary Health Care Division, Health PEI. Stemming the Tide: Health PEI Chronic Disease Prevention and Management Framework 2013-2018. Health PEI; June 2013.
- 7 Department of Finance, Energy and Municipal Affairs, Economics, Statistics and Federal Fiscal Relations; Prince Edward Island Annual Statistical Review 2012. Website: http://www.gov.pe.ca/photos/original/pt_annualreview.pdf.
- 8 Department of Finance, Energy and Municipal Affairs, Economics, Statistics and Federal Fiscal Relations; PEI Population Projections 2013-2053. Website: http://www.gov.pe.ca/photos/original/pt_pop_proj.pdf
- 9 Statistics Canada, Demography Division, Table 052-0005 Projected population, by projection scenario, sex and age group as of July 1, Canada, provinces and territories, annual (persons), CANSIM (database).
- 10 Statistic Canada, Government of Canada. Canada Health Profile, January 2013. Website: http://www12.statcan.gc.ca/health_sante/82_228/.
- 11 Human Resources, Corporate Development and Innovation, Health PEI.
Note: Data shows number of FTEs. Physicians are no longer included in "Other Health Professional and Support Staff" but are included in Medical Staff numbers within this table.
- 12 Medical Affairs, Health PEI.
Note: Data is number of FTE who are currently employed as of March 31, 2013.
- 13 Health Information Management, Provincial Clinical Services, Health PEI, Clinical Information System, Cactus, and RIS/PACS.
- 14 Provincial Clinical Services, Provincial Laboratory Services.
Note: The method used to collect lab tests changes in 2011/12. Data for 2011/12 is not comparable to prior years' data.
- 15 Health Information Management, Health PEI.
Note: Hospital-based mental health services (inpatient admissions) represents the number of both children and adults with hospital based services of psychology. Result for 2011/12 has been revised.
- 16 Health Information Management, Health PEI and Long-Term Care Database.
- 17 Home-Based and Long-Term Care, Health PEI.
- 18 This metric was altered this year to include the total count of all clients receiving Home Care services throughout the fiscal year. Numbers for fiscal years 2010/11 and 2011/12 have been altered accordingly.
- 19 PEI Cancer Treatment Centre.
- 20 Data includes all activities in chemo chairs, including chemo teaching.
- 21 Data for 2010/11 and 2011/12 are not comparable to prior years data. Data includes Reviews starting in 2010/11.
- 22 Data for 2010/11 and 2011/12 are not comparable to prior years data. Commencing in 2010/11, data includes Medical or Radiation Oncology Associates and Nurse Practitioners who also see patients in CTC.
- 23 Health Information Management, Community Hospitals and Primary Health Care, Health PEI.
- 24 Mental Health- Crisis Response data includes only Hospital CR visits.

REFERENCES/NOTES (continued)

- 25 During 2010/11 the data has been affected by the transition process of some Health PEI SLPs to Department of Education and Early Childhood Development (EECD). The data was influenced by the transfer of kindergarten referrals to the Department of EECD (2010/11).
- 26 2010/11 data has been influenced by the inclusion of newborn infant hearing screening.
- 27 The following may need to be taken into consideration:
 - Children that received new personal health number (PHN) during this time period and per provincial adoption process.
 - Children that may have received a duplicate personal health number (PHN).
- 28 Calculation has been changed to omit fee-for-service Health Centres and physicians and to only include centres which are managed by Health PEI. Numbers for 2010/11 and 2011/12 have been altered to reflect this change. Data from the Kensington Health Centre has been included.
- 29 Calculation has been changed to omit fee-for-service Health Centres and physicians and to only include centres which are managed by Health PEI. Numbers for 2010/11 and 2011/12 have been altered to reflect this change. Data from the Kensington Health Centre has been included.
- 30 The number of referrals only reflects referrals to the program within that fiscal year and does not reflect the active client count.
- 31 This indicator has been revised to include children who are in-between treatment during the fiscal year and 2010/11 and 2011/12 numbers have been revised to reflect this change.
- 32 This information is based on school calendar year, not fiscal year.

APPENDICES

Appendix A – Key Performance Indicators

Goal	Objectives	Indicators	Benchmarks	Baseline ^f	Targets 2010/11	Results 2010/11	Targets 2011/12	Results 2011/12	Targets 2012/13	Results 2012/13
Quality	Reduce unplanned readmissions for same condition (all hospitals)	% Unplanned Readmissions within 7 Days to Same Acute Care Facility	1.5%	3.2%	2.8%	3.0%	2.8%	3.0%	2.8%	2.8%
	Ensure appropriate patient safety standards are met	% Unplanned Readmissions within 8 to 28 Days to Same Acute Care Facility	2.0%	4.0%	3.5%	3.9%	3.5%	3.9%	3.5%	3.3%
	Reduce hospital admissions for ACSQ	Hospital Standardized Mortality Ratio (HSMR)	100	123 ^g	\$ 300	100 ^g	\$ 100	99	\$ 100	95
Equity	Maintain or enhance satisfaction with service	Ambulatory Care Sensitive Conditions (ACSC) Rate per 100,000 ACSQ	Canadian Average	480/320 = 150%	115%	515/299 = 172%	105%	457/290 = 158%	150%	Available 14 months post fiscal
		Client, Patient, Family Satisfaction with Services (Acute Care)	90%	96%	≥ 90%	96%	≥ 90%	96%	≥ 90%	96%*
		Radiation Therapy	90% within 4 wks	386/387 (102%)	90% within 4 wks	414/422 (98%)	90% within 4 wks	445/457 (97%)	90% within 4 wks	392/406 (97%)
Efficiency	Ensure timely access to key services in targeted areas	CT Scan Provincial Rollup	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	3708/6604 (55%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	6053/6521 (93%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	5975/6341 (94%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	5571/6169 (90%)
		W/R Provincial Rollup	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	1265/7949 (16%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	2527/3845 (67%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	3274/3976 (82%)	2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	2806/4049 (69%)
		Proportion of patients who received targeted service within defined time frame – Wait Times	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	117/130 (90%)	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	80/94 (85%)	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	80/137 (58%)	90% within 2 weeks-Urgency 1; 4 weeks-Urgency 2; 12 weeks-Urgency 3	90/151 (60%) ^h n=166
Sustainability	Enhance services in key areas	Knee Replacement	90% within 26 wks	158/196 (81%)	90% within 26 wks	132/202 (65%)	90% within 26 wks	116/251 (46%)	90% within 26 wks	88/231 (38%) ^h n=303
		Cataract Surgery	90% within 15 wks	634/1054 (59%)	90% within 15 wks	991/1304 (76%)	90% within 15 wks	875/1371 (64%)	90% within 15 wks	627/1055 (59%) ^h n=1276
		Primary Healthcare	90% within 26 wks	5154/81*	5236/99*	5218/98*	5256/28*	5232/94*	5256/33*	5238/37*
Sustainability	Ensure appropriate length of stay for bed based services	Home Care	90% within 26 wks	\$ 85.48*	\$ 121.47*	\$ 114.34*	\$ 131.98*	\$ 120.09*	\$ 135.26*	\$ 135.00*
		Long Term Care	90% within 26 wks	\$ 396.15*	\$ 451.75*	\$ 467.34*	\$ 491.94*	\$ 565.68*	\$ 524.04*	\$ 534.04*
		Hospital Services	90% within 26 wks	\$ 1413.65*	\$ 1673.20*	\$ 1703.00*	\$ 1794.27*	\$ 1770.14*	\$ 1812.25*	\$ 1838.79*
Sustainability	Improve efficient use of health human resources	Physicians	90% within 26 wks	\$ 627.38*	\$ 676.33*	\$ 703.46*	\$ 712.85*	\$ 713.77*	\$ 734.56*	\$ 759.44*
		Drugs	90% within 26 wks	\$ 278.50*	\$ 252.97*	\$ 253.09*	\$ 244.80*	\$ 249.75*	\$ 247.85*	\$ 252.36*
		Ambulance	90% within 26 wks	\$ 544.30*	\$ 631.01*	\$ 601.14*	\$ 80.81*	\$ 68.28*	\$ 82.55*	\$ 72.18*
Sustainability	Ensure operational sustainability within assigned resources	Acute Average Length of Stay – Expected Length of Stay ⁱ	ELoS	ELoS + 3.1 days	ELoS + 2 days	ELoS + 3.1 days	ELoS + 1 day	ELoS + 3.0 days	ELoS + 1 day	ELoS + 3.5 days
		Ave Length of Stay (ALoS) – (Long-Term Care – Public Facilities)	\$ 2.8 years	3.3 years	\$ 3.0 years	2.7 years	\$ 2.9 years	2.7 years	\$ 2.6 years	2.8 years
		Hours per Patient Day	Not Available	5.30	5.30	5.40	5.30	5.84	5.30	5.36
Sustainability	Ensure a safe and healthy work environment	Health budget as % of total provincial budget	34.6% ^j	33.6%	34.5%	Not applicable ^k	35.8%	Not applicable ^k	36.3%	Not applicable ^k
		Health budget as % of total provincial budget (program expend only)	37.9% ^j	37.0%	37.2%	Not applicable ^k	38.5%	Not applicable ^k	39.0%	Not applicable ^k
		Annual Results: Surplus/ Deficit	\$0.03	\$0.00	\$0.00	\$6.28 M deficit	\$0.00	\$5.78 M deficit	\$0.00	\$13.92 M surplus ^l
Sustainability		Sick Days Per FTE	\$11.81 days/FTE	\$11.81 days/FTE	\$11.81 days/FTE	\$11.81 days/FTE	\$11.81 days/FTE	\$11.1 days/FTE	\$10.80 days/FTE	\$1.4 days/FTE
		Overtime Days Per FTE	6.05 days/FTE	7.33 days/FTE	6.64 days/FTE	7.53 days/FTE	6.20 days/FTE	7.18 days/FTE	6.10 days/FTE	6.32 days/FTE
		Staff Satisfaction Rate	78%	76%	77%	Not measured	≥ 77%	77%	77%	Not measured

Notes:

- ^f = Baseline values are 2008/09 results except for % Health Budget Share (09/10 result), % Health Program Expenditure only (09/10 result) and Staff Satisfaction Rate (2006 result).
- ^g = Values are based on budgeted information.
- ^h = Intent of this indicator is to measure Health PE's budget in relation to the Total Provincial Budget. Actuals are not included in this measure.
- ⁱ = 2012/2013 results are based on Q1-Q3 only, during Q4 of the 2012/2013 fiscal year the survey was changed.
- ^j = Acute ALOS does not include alternate level of care (ALC) days.
- ^k = CH changed HSMR methodology so Health PE's HSMR results do not match previous versions of this document.
- ^l = Annual actuals (note- actual for 2011/12 effective as of June 29, 2012).
- ^m = Financial benchmarks reflect budget information for 08/09.
- ⁿ = Patient requested delays, surgeon requested dates, and medically necessary dates are excluded from the wait times statistic calculations, not from overall volumes of surgeries completed.
- ^o = Includes all capital grants and other capital contributions.

Appendix B – Audited Financial Statements

AUDITOR GENERAL

**CHARLOTTETOWN
PRINCE EDWARD ISLAND**

HEALTH PEI

FINANCIAL STATEMENTS

MARCH 31, 2013

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian accounting standards for the public sector and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

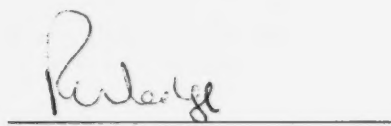
Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial reports on a regular basis and externally audited financial statements yearly.

The Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses her opinion on the financial statements. The Auditor General has full and free access to financial information and management of Health PEI and can meet when required.

On behalf of Health PEI


Dr. Donna Murnaghan
Chair, Health PEI Board


Dr. Richard Wedge
Chief Executive Officer

June 28, 2013

AUDITOR GENERAL

CHARLOTTETOWN
PRINCE EDWARD ISLAND

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Health PEI

I have audited the financial statements of **Health PEI**, which comprise the statement of financial position as at March 31, 2013, and the statements of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for the public sector and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility


My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2013, and the results of its operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian accounting standards for the public sector.



B. Jane MacAdam, CA
Auditor General

Charlottetown, Prince Edward Island
June 28, 2013

HEALTH PEI
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	<u>2013</u> \$	<u>2012</u> <u>Restated</u> \$
Financial Assets		
Cash	6,313,277	1,380,755
Accounts receivable (Note 5)	6,906,387	7,982,655
Due from the Department of Health and Wellness	<u>26,419,261</u>	<u>32,085,071</u>
	<u>39,638,925</u>	<u>41,448,481</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	76,320,800	80,324,956
Employee future benefits (Note 9)	50,740,328	47,666,047
Deferred revenue (Note 10)	<u>124,689</u>	<u>254,510</u>
	<u>127,185,817</u>	<u>128,245,513</u>
Net Debt	<u>(87,546,892)</u>	<u>(86,797,032)</u>
Non-Financial Assets		
Tangible capital assets (Note 12)	240,351,422	223,759,880
Inventories held for use (Note 6)	3,423,816	5,321,987
Prepaid expenses (Note 7)	<u>644,286</u>	<u>663,419</u>
	<u>244,419,524</u>	<u>229,745,286</u>
Accumulated Surplus	<u>156,872,632</u>	<u>142,948,254</u>
Designated assets (Note 17)	597,321	496,606
Trusts under administration (Note 18)	584,839	405,129

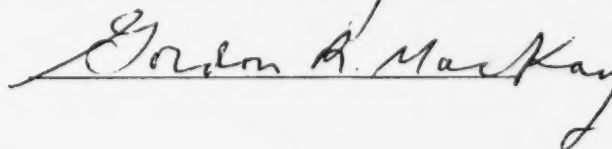
(The accompanying notes are an integral part of these financial statements.)

APPROVED ON BEHALF OF HEALTH PEI:

BOARD CHAIR:



DIRECTOR:



HEALTH PEI
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2013

	Budget 2013 (Note 20) \$	2013 \$	2012 Restated \$
Revenues			
Grants - Dept. of Health and Wellness	542,717,500	542,717,500	525,379,237
Capital grants - Dept. of Health and Wellness	26,981,900	27,844,472	48,260,971
Other capital contributions	5,335,400	5,296,331	4,039,115
Fees - patient and client (Note 15)	18,262,900	20,169,959	18,314,797
Food services	1,314,300	1,100,394	1,129,305
Federal revenues	908,600	1,019,249	776,025
Sales	1,291,800	977,386	909,821
Other	<u>1,185,400</u>	<u>1,751,384</u>	<u>2,114,374</u>
	<u>597,997,800</u>	<u>600,876,675</u>	<u>600,923,645</u>
Expenses (Note 21)			
Community Hospitals	22,174,600	23,317,328	22,654,217
Acute Care	147,739,100	149,743,697	142,937,720
Addiction Services	11,020,800	10,181,049	9,893,435
Acute Mental Health	16,379,400	16,815,356	16,646,144
Community Mental Health (Note 19)	7,607,500	7,201,748	8,104,128
Continuing Care	55,401,300	56,508,064	54,157,473
Private Nursing Home Subsidies	18,396,700	18,044,781	17,364,278
Public and Dental Health	9,594,400	9,222,426	8,763,787
Provincial Pharmacare Programs	34,760,400	35,902,466	38,030,502
Home Care and Support	19,385,800	19,206,542	18,380,441
Provincial Laboratory and Diagnostic Imaging	28,980,800	29,750,178	28,133,226
Provincial Hospital Pharmacies	5,176,700	5,271,301	4,863,632
Emergency Health Services	14,637,200	12,540,605	12,205,627
Corporate and Support Services	24,553,200	24,685,630	22,982,059
Medical Programs	138,879,500	142,467,923	135,702,270
Primary Care	<u>10,993,100</u>	<u>9,803,964</u>	<u>8,734,271</u>
	<u>565,680,500</u>	<u>570,663,058</u>	<u>549,553,210</u>
Amortization of tangible capital assets	-	<u>16,289,239</u>	<u>14,452,565</u>
	<u>565,680,500</u>	<u>586,952,297</u>	<u>564,005,775</u>
Annual Surplus (Note 16)	<u>32,317,300</u>	13,924,378	36,917,870
Accumulated Surplus, beginning of year (Note 3)		<u>142,948,254</u>	<u>106,030,384</u>
Accumulated Surplus, end of year		<u>156,872,632</u>	<u>142,948,254</u>

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI
STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2013

	<u>Budget</u> <u>2013</u> \$	<u>2013</u> \$	<u>2012</u> <u>Restated</u> \$
Net Debt, beginning of year	(86,797,032)	(86,797,032)	(71,936,708)
Accounting changes (Note 3(c))	<u>-</u>	<u>-</u>	<u>(15,533,400)</u>
Restated Net Debt, beginning of year	<u>(86,797,032)</u>	<u>(86,797,032)</u>	<u>(87,470,108)</u>
Changes in year:			
Annual surplus	32,317,300	13,924,378	36,917,870
Acquisition of tangible capital assets	(32,317,300)	(33,140,803)	(52,300,086)
Loss on disposal of tangible capital assets	-	260,022	-
Amortization of tangible capital assets	-	16,289,239	14,452,565
Decrease in inventories	-	1,898,171	141,410
Decrease in prepaid expenses	<u>-</u>	<u>19,133</u>	<u>1,461,317</u>
Change in Net Debt	<u>-</u>	<u>(749,860)</u>	<u>673,076</u>
Net Debt, end of year	<u>(86,797,032)</u>	<u>(87,546,892)</u>	<u>(86,797,032)</u>

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2013

	<u>2013</u> \$	<u>2012</u> <u>Restated</u> \$
Cash provided (used) by:		
Operating Activities		
Surplus for the year	13,924,378	36,917,870
Amortization of tangible capital assets	16,289,239	14,452,565
Changes in:		
Accounts receivable	1,076,268	1,067,164
Due from the Department of Health and Wellness	5,665,810	(22,917,191)
Accounts payable and accrued liabilities	(4,004,156)	16,197,849
Employee future benefits	3,074,281	3,636,172
Deferred revenue	(129,821)	(99,954)
Inventories	1,898,171	141,410
Prepaid expenses	19,133	1,461,317
Cash provided by operating activities	<u>37,813,303</u>	<u>50,857,202</u>
Capital Activities		
Acquisition of tangible capital assets	(33,140,803)	(52,300,086)
Loss on disposal of tangible capital assets	260,022	-
Cash used by capital activities	<u>(32,880,781)</u>	<u>(52,300,086)</u>
Investing Activities		
Disposal of short-term investments	-	323,784
Cash provided by investing activities	<u>-</u>	<u>323,784</u>
Change in cash	4,932,522	(1,119,100)
Cash, beginning of year	<u>1,380,755</u>	<u>2,499,855</u>
Cash, end of year	<u>6,313,277</u>	<u>1,380,755</u>

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

1. Nature of Operations

Health PEI is a provincial Crown corporation established on April 1, 2010, and operates under the authority of the *Health Services Act*. Health PEI is a government organization named in Schedule B of the *Financial Administration Act* and reports to the Legislative Assembly through the Minister of the Department of Health and Wellness. The mandate of Health PEI is to be responsible for the operation and delivery of all health services in the Province of Prince Edward Island. These services are categorized as follows:

Community Hospitals	Home Care and Support
Acute Care Hospitals	Public and Dental Health
Addiction Services	Provincial Laboratory and Diagnostic Imaging
Acute Mental Health	Provincial Hospital Pharmacies
Community Mental Health	Emergency Health Services
Continuing Care	Corporate and Support Services
Private Nursing Home Subsidies	Medical Programs
Provincial Pharmacare Programs	Primary Care

Health PEI is a provincial Crown corporation and as such is not subject to taxation under the *Federal Income Tax Act*.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are prepared by management in accordance with Canadian accounting standards for the public sector. Health PEI complies with the recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA) wherever applicable. PSAB standards are supplemented, where appropriate, by other CICA accounting pronouncements.

a) Cash

Cash includes cash on hand and balances with banks, net of bank overdrafts.

b) Accounts Receivable

Accounts receivable are recorded at cost less any provision when collection is in doubt.

c) Inventories

Inventories of supplies, as described in Note 6, are recorded at the lower of the moving average and replacement cost. Damaged, obsolete, or otherwise unusable inventory is expensed as identified. Inventories of supplies that are resold to the public are not segregated due to their immaterial value.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

2. Summary of Significant Accounting Policies (continued...)

d) Due from the Department of Health and Wellness

Amounts due to or from the Department of Health and Wellness arise from the difference between cash flows provided to Health PEI and the approved grant from the Department. These balances have no repayment terms and are non-interest bearing.

e) Deferred Revenue

Certain amounts are received pursuant to legislation, regulation, and/or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue when stipulations are met.

f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, and/or betterment of the assets. Cost includes overhead directly attributable to construction and development. Interest, if any, on capital projects is expensed as incurred.

The cost of the tangible capital assets, excluding land, is amortized on a straightline basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	10 years
Paving	10 years
Equipment	5 years
Computer hardware	5 years
Computer software systems	5-20 years
Motor vehicles	5 years

The cost of assets under construction is not amortized until construction is complete and the asset is available for use. In the year of acquisition, one half of the annual amortization is recorded.

Tangible capital assets are written down when conditions indicate they no longer contribute to Health PEI's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. Write downs are expensed when identified.

g) Prepaid Expenses

Prepaid expenses, as described in Note 7, are charged to expense over the periods expected to benefit.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

2. Summary of Significant Accounting Policies (continued...)

h) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event which gave rise to the revenue occurred. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded as received.

Transfers (revenues from non-exchange transactions) are recognized as revenue when the transfer is authorized, any eligibility criteria are met, and a reasonable estimate of the amount can be made. Transfers are recognized as deferred revenue when amounts have been received but eligibility criteria have not been met.

Grants from the Department of Health and Wellness are recognized as revenue on a monthly basis as services are delivered by Health PEI in accordance with its legislated mandate.

i) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event which gave rise to the expense occurred.

Transfers include entitlements, grants, and transfers under cost shared agreements. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient, and a reasonable estimate of the amount can be made.

j) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Health PEI has limited exposure to foreign currency as substantially all of its transactions are conducted in Canadian dollars and year-end foreign currency balances are not significant.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

2. Summary of Significant Accounting Policies (continued...)

k) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, employee retirement and sick leave benefits, provisions for doubtful accounts, accrued liabilities for out-of-province health services, and negotiated settlements with unions and other employees.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates and the differences could be material.

3. Accounting Changes

a) Capital Contributions

Under previous Canadian accounting standards for public sector entities, government transfers received for the acquisition of tangible capital assets were deferred and amortized at the same rate as the related asset. According to the new requirements of PSAB Standard 3410, *Government Transfers*, funds received from the Department of Health and Wellness and used for the acquisition of tangible capital assets, are recognized as revenue when the transfer is authorized and no stipulations exist. The 2012 financial statements have been adjusted to reflect the reduction of deferred capital contributions of \$185,675,658 at April 1, 2011, reduce the deferred capital revenue of \$14,412,366 related to the fiscal year 2011-2012, and record capital grants from the Department of Health and Wellness and other capital contributions of \$48,260,971 and \$4,039,115, respectively, at the year ended March 31, 2012.

b) Grants to Private Nursing Homes

In prior years, grants paid in advance to private nursing homes under the terms of their contract were recorded as prepaid expenses and recognized as expenses in the following year when the services were delivered by the private nursing homes. According to the new requirements of PSAB Standard 3410, *Government Transfers*, these advances are to be recorded as expenses when the payment is authorized. The 2012 financial statements have been adjusted to reflect the reduction of prepaid expenses of \$573,824 at April 1, 2011, and record \$677,776 of expense related to the fiscal year 2011-2012.

**HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

3. Accounting Changes (continued...)

c) Sick Leave Accrual

Sick pay benefits that accumulate but do not vest are considered obligations. Future utilization of these benefits is considered when measuring the liability recognized by Health PEI. An actuarial valuation in December 2012 demonstrated that the liability for sick leave obligations was significant. Health PEI has therefore recorded a liability for sick leave obligations according to the recommendations of PSAB Standard 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. The 2012 financial statements have been adjusted to reflect the liability of \$15,533,400 at April 1, 2011, record the increase in expenses of \$825,700 related to the fiscal year 2011-2012, and the estimated liability of \$16,359,100 at the year ended March 31, 2012.

d) Capitalization Thresholds

During the year ended March 31, 2013, Health PEI revised its minimum cost thresholds for classifying expenditures as tangible capital assets in the computer hardware and paving categories. Health PEI has restated prior year purchases in these categories to record \$213,310 in prior year expenditures that now meet the thresholds for capitalization, and \$106,808 in accumulated amortization. The 2012 financial statements have been adjusted to reflect these changes.

e) Out-of-Province Medicare Advance

Health PEI has advanced \$535,000 to the Province of Nova Scotia under the terms of an inter-provincial agreement for PEI residents who require medical services in Nova Scotia. This advance has been in place since 1990. In prior years, this advance was recorded as a prepaid expense. According to the new requirements of PSAB Standard 3410, *Government Transfers*, these advances are to be recorded as expenses when the payment is authorized. As a result, the 2012 financial statements have been restated to remove the advance from prepaid expenses and reduce the accumulated surplus.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

3. Accounting Changes (continued...)

The impact of these restatements on the 2012 comparative figures is as follows:

	<u>2012 Previously Reported</u>	<u>Capital Contributions</u>	<u>Private Nursing Homes</u>	<u>Sick Leave Accrual</u>	<u>Capitalization Thresholds</u>	<u>Medicare Advance</u>	<u>2012 Restated</u>
	\$	\$	\$	\$	\$	\$	\$
Statement of Financial Position							
Financial Assets							
Accounts receivable	8,582,655	(600,000)	-	-	-	-	7,982,655
Due from Dept. of Health and Wellness	31,485,071	600,000	-	-	-	-	32,085,071
Total financial assets	41,448,481	-	-	-	-	-	41,448,481
Liabilities							
Employee future benefits	31,306,947	-	-	16,359,100	-	-	47,666,047
Total liabilities	111,886,413	-	-	16,359,100	-	-	128,245,513
Net Debt	(70,437,932)	-	-	(16,359,100)	-	-	(86,797,032)
Non-Financial Assets							
Tangible capital assets	223,653,378	-	-	-	106,502	-	223,759,880
Deferred capital contributions	(223,653,378)	223,653,378	-	-	-	-	-
Prepaid expenses	1,876,195	-	(677,776)	-	-	(535,000)	663,419
Total non-financial assets	7,198,182	223,653,378	(677,776)	-	106,502	(535,000)	229,745,286
Accumulated surplus (deficit)	(63,239,750)	223,653,378	(677,776)	(16,359,100)	106,502	(535,000)	142,948,254
Statement of Operations							
Capital grants - Department of Health and Wellness	-	48,260,971	-	-	-	-	48,260,971
Other capital contributions	-	4,039,115	-	-	-	-	4,039,115
Total revenues	548,623,559	52,300,086	-	-	-	-	600,923,645
Expenses before amortization	548,623,559	-	103,951	825,700	-	-	549,553,210
Amortization of tangible capital assets	14,412,366	-	-	-	40,199	-	14,452,565
Amortization of deferred capital contributions	(14,412,366)	14,412,366	-	-	-	-	-
Annual surplus for 2012	-	37,887,720	(103,951)	(825,700)	(40,199)	-	36,917,870

4. Financial Instruments

Fair Value

Health PEI's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Due to their short-term nature, the carrying value of these financial instruments approximate their fair value. Since Health PEI has no unrealized remeasurement gains or losses attributable to foreign exchange, derivatives, portfolio investments, or other financial instruments, a Statement of Remeasurement Gains and Losses is not prepared.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

4. Financial Instruments (continued...)

Risk Management

Health PEI is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include credit risk and liquidity risk. Health PEI's financial instruments are not subject to market risk, interest rate risk, foreign exchange risk, or other price risk.

Credit Risk

Health PEI is exposed to credit risk with respect to accounts receivable. Health PEI has a collection policy and monitoring processes intended to mitigate potential credit losses. Health PEI maintains provisions for potential credit losses that are assessed on an on-going basis. The provision for doubtful accounts is disclosed in Note 5.

5. Accounts Receivable

	<u>2013</u> \$	<u>2012</u> \$
Fees and revenues receivable	3,286,458	3,146,132
Less: provision for doubtful accounts	<u>(840,869)</u>	<u>(814,588)</u>
	2,445,589	2,331,544
Hospital foundations	1,563,634	2,604,605
Province of Prince Edward Island	456,513	638,054
Employee advances	825,089	943,611
Other	<u>1,615,562</u>	<u>1,464,841</u>
	<u>6,906,387</u>	<u>7,982,655</u>

The aging of fees and revenues receivable is as follows:

	<u>2013</u> \$	<u>2012</u> \$
Current	2,185,159	1,876,824
61-90 days	289,475	111,803
91-180 days	163,985	187,135
Greater than 180 days	<u>647,839</u>	<u>970,370</u>
	<u>3,286,458</u>	<u>3,146,132</u>

6. Inventories

	<u>2013</u> \$	<u>2012</u> \$
Medical supplies	1,863,043	3,356,506
Drugs	1,225,386	1,572,302
Food and other supplies	<u>335,387</u>	<u>393,179</u>
	<u>3,423,816</u>	<u>5,321,987</u>

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

7. Prepaid Expenses

	<u>2013</u>	<u>2012</u>
	\$	\$
Maintenance contracts	610,118	518,950
Other	<u>34,168</u>	<u>144,469</u>
	<u>644,286</u>	<u>663,419</u>

8. Accounts Payable and Accrued Liabilities

	<u>2013</u>	<u>2012</u>
	\$	\$
Accounts payable	20,721,727	25,247,063
Accrued liabilities	21,333,785	22,719,472
Salaries and benefits payable	16,514,540	15,523,436
Accrued vacation pay	<u>17,750,748</u>	<u>16,834,985</u>
	<u>76,320,800</u>	<u>80,324,956</u>

9. Employee Future Benefits

a) Retirement Allowance

Health PEI provides a retirement allowance to its permanent employees in accordance with the applicable collective agreements. The amount paid to eligible employees at retirement is one week's pay per year of eligible service based on the rate of pay in effect at the retirement date to the maximum specified in the applicable collective agreement. These benefits are unfunded. The benefit costs and liabilities related to these allowances are included in these financial statements.

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance, beginning of year	31,306,947	28,496,475
Current service cost	2,121,318	2,123,600
Interest accrued on liability	1,791,243	1,718,801
Amortization of actuarial gains/losses	943,856	810,818
Less: payments made	<u>(2,598,522)</u>	<u>(1,842,747)</u>
Balance, end of year	<u>33,564,842</u>	<u>31,306,947</u>

The retirement allowance balance is based on an independent actuarial valuation dated April 1, 2011. The total liability is projected by the employer in the years between the tri-annual actuarial valuations.

**HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

9. Employee Future Benefits (continued...)

a) Retirement Allowance (continued...)

The economic assumptions used in the determination of the actuarial value of accrued retirement allowances were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island. Significant actuarial assumptions used in the valuation and projections are:

Discount rate	4.47% per annum
Expected salary increase	2.50% per annum
Expected average remaining service life	15 Years

b) Accrued Sick Leave

Health PEI employees working full-time/part-time hours receive sick leave that accumulates at varying amounts per month based on the applicable agreement. Unused hours can be carried forward for future paid leave and employees can accumulate up to the maximum specified in the applicable collective agreement. These benefits are unfunded. The benefit costs and liabilities related to these allowances are included in these financial statements.

	<u>2013</u> \$	<u>2012</u> \$
Balance, beginning of year	16,359,100	15,533,400
Current service cost	2,745,200	2,510,900
Interest accrued on liability	561,894	665,100
Amortization of actuarial gains/losses	72,100	-
Less: payments made	<u>(2,562,808)</u>	<u>(2,350,300)</u>
Balance, end of year	<u>17,175,486</u>	<u>16,359,100</u>

The sick leave balance is based on an independent actuarial valuation dated April 1, 2012. The total liability is projected by the employer in the years between the tri-annual actuarial valuations.

**HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013**

9. Employee Future Benefits (continued...)

b) Accrued Sick Leave (continued...)

The economic assumptions used in the determination of the actuarial value of accrued sick leave benefits were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island. Significant actuarial assumptions used in the valuation and projections are:

Discount rate	3.21% per annum
Expected salary increase	2.50% per annum
Expected average remaining service life	14.63 Years

c) Pension and Other Benefits

- i) All permanent employees of Health PEI, other than physicians, participate in the multi-employer contributory defined benefit pension plan as defined by the *Civil Service Superannuation Act*. This plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service. The Plan is administered by the Province of Prince Edward Island and responsibility for any unfunded liability is that of the Province. Additional information on the pension plan as defined in the *Civil Service Superannuation Act* can be found in the notes to the Public Accounts of the Province of Prince Edward Island.
- ii) Salaried physicians maintain their own personal RRSP accounts to which Health PEI makes contributions in accordance with the Master Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to 9 per cent of the physician's base salary and shall not exceed 50 per cent of the maximum permissible contribution provided for in the *Income Tax Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement.
- iii) The Public Sector Group Insurance Plan provides life insurance, long-term disability, and health and dental benefits to eligible employees of Health PEI. The Plan is administered by a multi-employer, multi-union Board of Trustees who are responsible for any unfunded liabilities of the plan. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for employee coverage during the period.

Health PEI contributions to these plans are expensed as incurred.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

10. Deferred Revenue

Deferred revenues set aside for specific purposes as required either by legislation, regulation, and/or agreement as at March 31, 2013:

	<u>Balance, beginning of year</u> \$	<u>Receipts during year</u> \$	<u>Transferred to revenue</u> \$	<u>Balance, end of year</u> \$
Health promotion projects	225,836	97,107	(225,836)	97,107
Staff education	<u>28,674</u>	<u>-</u>	<u>(1,092)</u>	<u>27,582</u>
	<u>254,510</u>	<u>97,107</u>	<u>226,928</u>	<u>124,689</u>

11. Contingent Liabilities

Health PEI is subject to legal actions arising in the normal course of business. At March 31, 2013, there were a number of outstanding legal claims against Health PEI. Costs, if any, related to these outstanding claims are the responsibility of the Prince Edward Island Self-Insurance and Risk Management Fund. The Fund provides general liability insurance, errors and omissions insurance, primary property, crime and automobile liability insurance. The Fund is administered by the Province of Prince Edward Island and the Province is responsible for any liabilities of the Fund.

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

12. Tangible Capital Assets

	<u>Land</u>	<u>Buildings</u>	<u>Equipment and Vehicles</u>	<u>Computer Hardware and Software</u>	<u>Land Improvements</u>	<u>Buildings Major Improvements</u>	<u>2013 Total</u>
	\$	\$	\$	\$	\$	\$	\$
Cost							
Opening balance	1,877,240	227,906,095	103,685,110	48,723,338	1,003,140	3,950,025	387,144,948
Prior period adjustment (Note 3c)	-	-	-	213,310	-	-	213,310
Opening balance restated	1,877,240	227,906,095	103,685,110	48,936,648	1,003,140	3,950,025	387,358,258
Additions	-	24,288,548	6,573,201	1,745,652	39,250	494,152	33,140,803
Disposals	-	-	(11,183,910)	-	-	-	(11,183,910)
Closing balance	<u>1,877,240</u>	<u>252,194,643</u>	<u>99,074,401</u>	<u>50,682,300</u>	<u>1,042,390</u>	<u>4,444,177</u>	<u>409,315,151</u>
Accumulated Amortization							
Opening balance	-	58,919,366	86,996,294	15,841,662	612,847	1,121,401	163,491,570
Prior period adjustment (Note 3c)	-	-	-	106,808	-	-	106,808
Opening balance restated	-	58,919,366	86,996,294	15,948,470	612,847	1,121,401	163,598,378
Disposals	-	-	(10,923,888)	-	-	-	(10,923,888)
Amortization	-	4,387,440	7,059,478	4,347,107	70,713	424,501	16,289,239
Closing balance	-	<u>63,306,806</u>	<u>83,131,884</u>	<u>20,295,577</u>	<u>683,560</u>	<u>1,545,902</u>	<u>168,963,729</u>
Net book value	<u>1,877,240</u>	<u>188,887,837</u>	<u>15,942,517</u>	<u>30,386,723</u>	<u>358,830</u>	<u>2,898,275</u>	<u>240,351,422</u>

Cost at March 31, 2013, includes assets under construction as follows:

	<u>2013</u>
	\$
Prince Edward Home replacement	16,382,849
Queen Elizabeth Hospital redevelopment	1,018,077
Other Buildings - Major Improvements	201,530
Other	209,022
	<u>17,811,478</u>

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

13. Contractual Obligations

Health PEI has entered into a number of multi-year contracts for the delivery of services. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>Thereafter</u>
	\$	\$	\$	\$	\$	\$
Private nursing homes	16,231,319	-	-	-	-	-
Ambulance services	7,956,223	7,956,223	7,956,223	7,956,223	-	-
IT maintenance	1,893,317	2,010,869	2,078,057	2,156,191	2,235,071	-
Maintenance contracts	1,473,761	1,352,029	501,005	260,194	113,975	68,480
Education funds	1,100,000	800,000	-	-	-	-
PEI Medical Society	1,378,585	1,378,585	-	-	-	-
Facility rental	<u>1,374,378</u>	-	-	-	-	-
	<u>31,407,583</u>	<u>13,497,706</u>	<u>10,535,285</u>	<u>10,372,608</u>	<u>2,349,046</u>	<u>68,480</u>

Health PEI has outstanding contractual commitments for capital assets relating to projects which commenced on or before March 31, 2013, and are still incomplete. It is expected that Health PEI will have to pay \$9,363,687 to complete the projects.

14. Related Party Transactions

Health PEI had the following transactions with the Province of Prince Edward Island and other government controlled organizations:

	<u>2013</u>	<u>2012</u>
	\$	\$
Transfers from the Province of Prince Edward Island:		
Operating grant	542,717,500	525,379,237
Capital grant	27,844,472	48,260,971
Salary recoveries	1,004,971	526,055
Other sales and expenses	<u>1,588,948</u>	<u>564,843</u>
	<u>573,155,891</u>	<u>574,731,106</u>
Transfers to the Province of Prince Edward Island:		
Salary reimbursements	2,003,531	3,053,791
Self-insurance premiums	1,481,300	757,675
Public Service Commission	566,300	566,300
Other expenses	<u>1,100,356</u>	<u>898,926</u>
	<u>5,151,487</u>	<u>5,276,692</u>

HEALTH PEI
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FOR THE YEAR ENDED MARCH 31, 2013

15. Fees - Patient and Client

	<u>2013</u> \$	<u>2012</u> \$
Continuing Care resident fees	11,782,939	10,468,718
Hospital medical services:		
Non-residents	4,149,662	3,195,673
Uninsured hospital services - workers compensation	2,298,564	2,232,337
Other uninsured hospital services	1,454,700	1,825,982
Hospital preferred room accommodations	445,812	546,252
Other	<u>38,282</u>	<u>45,835</u>
	<u>20,169,959</u>	<u>18,314,797</u>

16. Annual Surplus

Throughout the fiscal year, Health PEI regularly communicates with the Department of Health and Wellness and the Department of Finance, Energy and Municipal Affairs on the expected operational results for the year and action plans developed to address potential deficits.

17. Designated Assets

At March 31, 2013, the balance of funds held as designated assets was \$597,321 (2012- \$496,606). Designated assets consist of funds received as donations by a health facility or program that are restricted for the purchase of equipment, supplies, and/or other needs of the specific facility or program.

18. Trusts Under Administration

At March 31, 2013, the balance of funds held in trust for residents of facilities in Continuing Care was \$584,839 (2012- \$405,129). These trusts consist of a monthly comfort allowance provided to Continuing Care residents who qualify for subsidization of resident fees. These amounts are not included in the Statement of Financial Position.

19. Community Mental Health

In the year ended March 31, 2012, Health PEI paid \$1,389,800 to Canadian Mental Health Association (CMHA) for the delivery of certain community based mental health services. Effective April 1, 2012, the Department of Health and Wellness became responsible for the payments to CMHA.

HEALTH PEI
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FOR THE YEAR ENDED MARCH 31, 2013

20. Budgeted Figures

Budgeted figures have been provided for comparative purposes and have been derived from the estimates approved by the Legislative Assembly of the Province of Prince Edward Island.

Subsequent to the tabling of the 2012 P.E.I. Estimates of Revenue and Expenditures, Health PEI reallocated responsibilities for certain budget amounts among its divisions. The following table shows the reallocation of the original approved budget.

	<u>Original Approved Budget</u> \$	<u>Transfers Between Divisions</u> \$	<u>Budget - Statement of Operations</u> \$
Community Hospitals	22,411,900	(237,300)	22,174,600
Acute Care	147,929,300	(190,200)	147,739,100
Addiction Services	11,084,600	(63,800)	11,020,800
Acute Mental Health	16,316,400	63,000	16,379,400
Community Mental Health	7,369,800	237,700	7,607,500
Continuing Care	55,193,800	207,500	55,401,300
Private Nursing Homes	18,396,700	-	18,396,700
Public and Dental Health	9,361,900	232,500	9,594,400
Provincial Pharmacare Programs	35,260,300	(499,900)	34,760,400
Home Care and Support	19,242,800	143,000	19,385,800
Provincial Laboratory and Diagnostic Imaging	28,819,700	161,100	28,980,800
Provincial Hospital Pharmacies	5,337,500	(160,800)	5,176,700
Emergency Health Services	14,571,800	65,400	14,637,200
Corporate and Support Services	24,555,200	(2,000)	24,553,200
Medical Programs	138,682,100	197,400	138,879,500
Primary Care	<u>11,146,700</u>	<u>(153,600)</u>	<u>10,993,100</u>
	<u>565,680,500</u>	<u>-</u>	<u>565,680,500</u>

HEALTH PEI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2013

21. Expenses by Type

The following is a summary of expenses by type:

	<u>Compensation</u>	<u>Supplies</u>	<u>Sundry</u>	<u>Equipment</u>	<u>Contracted Out Services</u>	<u>Buildings and Grounds</u>	<u>2013 Total</u>
	\$	\$	\$	\$	\$	\$	\$
Community Hospitals	18,693,101	3,311,345	482,401	251,143	290,310	289,028	23,317,328
Acute Care	108,485,161	31,892,809	2,275,724	4,044,835	1,741,798	1,303,370	149,743,697
Addiction Services	8,621,263	565,354	697,565	40,529	171,833	84,505	10,181,049
Acute Mental Health	14,870,325	1,360,027	174,180	108,883	154,263	147,678	16,815,356
Community Mental Health	6,937,991	33,891	191,932	4,161	33,773	-	7,201,748
Continuing Care	49,298,529	5,266,145	623,913	234,770	338,676	746,031	56,508,064
Private Nursing Home Subsidies	-	-	18,044,781	-	-	-	18,044,781
Public and Dental Health	7,943,907	168,413	374,625	25,353	686,297	23,831	9,222,426
Provincial Pharmacare Programs	1,066,584	89,075	34,745,401	1,406	-	-	35,902,466
Home Care and Support	15,792,140	2,086,350	962,325	207,769	152,678	5,280	19,206,542
Provincial Laboratory and Diagnostic Imaging	18,107,449	10,372,656	344,107	102,777	823,189	-	29,750,178
Provincial Hospital Pharmacies	4,640,050	585,915	29,967	1,078	-	14,291	5,271,301
Emergency Health Services	235,539	11,878	10,681,803	-	1,611,385	-	12,540,605
Corporate and Support Services	16,101,205	3,219,086	3,477,825	1,047,718	641,856	197,940	24,685,630
Medical Programs	91,722,722	56,603	3,263,150	178	47,425,187	83	142,467,923
Primary Care	<u>8,567,893</u>	<u>400,175</u>	<u>500,389</u>	<u>47,070</u>	<u>146,101</u>	<u>140,336</u>	<u>9,803,964</u>
	<u>371,083,859</u>	<u>59,419,722</u>	<u>76,870,088</u>	<u>6,117,670</u>	<u>54,219,346</u>	<u>2,952,373</u>	<u>570,663,058</u>

Total pension contributions reflected in the compensation expense is \$16,082,931 (2012 - \$14,741,909).

Health PEI

One Island Health System

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